

# Energy Efficiency and Electric Infrastructure in the State of South Dakota

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In any given state, there are a range of stakeholders well-positioned to contribute to the design and delivery of effective energy efficiency programming. This factsheet provides an overview of relevant entities in the state of South Dakota, along with highlights of state policies and practices related to energy efficiency. The entity types described and highlighted below are typically involved in electricity and/or energy efficiency related matters in states. Other important stakeholders such as trade associations, industry, and local businesses are not included as they vary significantly from state to state.

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## Electric Market Overview

### Electric Utilities

Privately- and publicly-owned electric utilities generate, transmit, distribute, and/or sell electricity primarily for use by the public. These include investor-owned electric utilities, municipal and state utilities, Federal electric utilities, and rural electric cooperatives.<sup>1</sup> The following summarizes electric utilities in South Dakota by type:

- *Investor-Owned Electric Utilities:*  
Northwestern Energy: <http://www.northwesternenergy.com/>  
Black Hills Power: <https://www.blackhillspower.com>  
Montana Dakota Utilities (MDU): <http://www.montana-dakota.com>  
Otter Tail Power Company: <https://www.otpc.com/>  
Xcel Energy: <http://www.xcelenergy.com/>  
MidAmerican Energy: [http://www.midamericanenergy.com/ee/sd\\_res.aspx](http://www.midamericanenergy.com/ee/sd_res.aspx)
- *Member-Owned (Electric Cooperative):* South Dakota has 28 electric cooperatives:  
<http://puc.sd.gov/energy/electriccooperative.aspx>
- *Municipally-Owned/ Publicly-Owned Utilities:* South Dakota has 13 municipally- or publicly-owned electric systems in the state:  
<http://puc.sd.gov/energy/municipal.aspx>
- *Other:* 2 Political Subdivision<sup>2</sup>

*Electric utility service areas (as available):*

<http://arcgis.sd.gov/server/PUC/ElectricServiceTerritories/>

<sup>1</sup> Source: EIA

<sup>2</sup> Sources: EIA 2013 Form EIA-861 Utility Data (<http://www.eia.gov/electricity/data/eia861/>) and South Dakota Public Service Commission (<http://puc.sd.gov/>)

## Status of Electric Industry Restructuring

Vertically integrated utilities are responsible for generation, transmission and distribution of power to customers. In the 1990's, many states began to unbundle the electricity supply and distribution functions of investor-owned utilities on the theory that only the wires (the fixed network system) constituted a natural monopoly, while the generation of power did not. In states that have undergone restructuring, individual retail customers can choose their supplier but still receive delivery over the power lines of the local utility.<sup>3</sup>

- South Dakota does not have a restructured electric industry.  
[http://www.eia.gov/electricity/policies/restructuring/south\\_dakota.html](http://www.eia.gov/electricity/policies/restructuring/south_dakota.html)

## Regional Transmission Organization (RTO)/Independent System Operator(ISO)

About 60% of U.S. electric power supply is managed by RTOs or ISOs: independent, membership-based organizations that ensure reliability and usually manage the regional electric supply market for wholesale electric power. In the rest of the country, electricity systems are operated by individual utilities or utility holding companies. RTOs/ISOs engage in long-term planning that involves identifying effective, cost-efficient ways to ensure grid reliability and system-wide benefits. Coordination and cooperation between utilities, state PUCs and RTOs/ISOs is often required to advance energy efficiency goals.<sup>4</sup>

- South Dakota is part of the Mid-Continent Independent System Operator (MISO): <https://www.misoenergy.org> and the Southwest Power Pool (SPP): [www.spp.org](http://www.spp.org)

## Utility Oversight and Planning

### Utility Oversight

Public utility commissions (PUCs) oversee goals, investments, and ratemaking for investor-owned electric utilities. Most of this oversight is conducted via specific regulatory proceedings. Municipally-owned utilities are governed by a local city council or an elected commission, and member-owned/cooperative utilities are governed by a board elected by members. In a few states, PUCs have oversight over some aspects of municipally and member-owned utility performance such as energy efficiency resource standards.<sup>5</sup>

- The South Dakota Public Utilities Commission regulates investor-owned electric, natural gas and telephone utilities. The PUC ensures utility companies in South Dakota provide safe and reliable service and that investor-owned companies do so with just and reasonable rates. It plays a more limited regulatory role with respect to wireless communication companies and cooperative, independent and municipal utilities. <http://www.puc.sd.gov/energy/default.aspx>

### Integrated Resource/Procurement Planning

Integrated resource plans (IRPs) are utility plans for meeting forecasted annual peak and energy demand through a portfolio of supply-side and demand-side resources over a specified future period. As of early 2015, integrated resource planning is required or present in more than 30 states, including most vertically integrated/non restructured states. In states that are restructured, regulated distribution only utilities may be required to develop procurement plans to service customers that do not choose a competitive retail supplier. Energy efficiency is considered as a demand-side resource but the degree to which it is included in resource/procurement planning is influenced by other factors including policies such as energy efficiency resource standards or requirements that all cost effective energy efficiency be considered.<sup>6</sup>

- Northwestern Energy's most recent IRP 2013: <http://www.northwesternenergy.com/our-company/regulatory-environment/2013-electricity-supply-resource-procurement-plan>
- Black Hills Power most recent IRP 2010-2020: <http://puc.sd.gov/commission/10yearplan/bhp2012.pdf>
- Montana Dakota Utilities (MDU) most recent IRP 2015: <http://www.montana-dakota.com/docs/default-source/2013-irp/2015-mdu-irp-report---volume-ii.pdf?sfvrsn=2>

<sup>3</sup> Source: The Regulatory Assistance Project (RAP)

<sup>4</sup> Source: [EPA Energy and Environment Guide to Action](#)

<sup>5</sup> Sources: [EPA Energy and Environment Guide to Action](#) and RAP

<sup>6</sup> Source: [EPA Energy and Environment Guide to Action](#)

- Otter Tail Power Company most recent IRP 2014: <https://www.otpc.com/about-us/environmental-commitment/integrated-resource-plan/>
- Xcel Energy most recent IRP 2014: <https://www.xcelenergy.com/staticfiles/xcel/Regulatory/Regulatory%20PDFs/03-Preferred-Plan.pdf>
- MidAmerican Energy: MidAmerican does not go through a formal IRP process in any of the jurisdictions it serves.

### Statewide Planning Process

States sometimes undertake executive or legislatively driven statewide energy planning processes. These plans may be completely independent of utilities or may explicitly engage utilities.

- There is currently no state planning process in South Dakota.  
<http://www.naseo.org/stateenergyplans-state?State=SD>

### Energy Efficiency Potential Studies

Energy efficiency potential studies determine the amount of technical, economic, and achievable potential for energy efficiency in a region, state, or utility service territory. Energy efficiency potential studies may be undertaken by state agencies or energy efficiency advocacy organizations, or by utilities as part of or to inform compliance with a regulatory requirement. The following are recent energy efficiency potential studies:

- South Dakota Energy Potential Study 2009: [http://www.synapse-energy.com/sites/default/files/SynapseReport.2009-12.PJ\\_South-Dakota-EE-Study.09-067.pdf](http://www.synapse-energy.com/sites/default/files/SynapseReport.2009-12.PJ_South-Dakota-EE-Study.09-067.pdf)

## Energy Efficiency Policies/Activities

### Statewide Clean Energy Policy/Energy Efficiency Energy Resource Standard(s)

Energy efficiency resource standards (EERSs) require obligated parties—usually regulated retail distributors of electricity—to meet a specific portion of their electricity demand through energy efficiency. As of March 2015, 27 states have some type of energy efficiency requirement or goal.<sup>7</sup>

- South Dakota does not have a mandatory energy efficiency resource standard. Utilities may voluntarily participate in the state's Renewable, Recycled, and Conserved Energy Objective (ARSD 20:10:38). Energy efficiency counts toward this objective.  
<http://database.aceee.org/state/energy-efficiency-resource-standards>

### Current Utility-Administered Energy Efficiency Programs

Energy efficiency is regarded as an important utility resource with co-benefits that include reducing air pollution, saving customers on utility bills, and creating local jobs. While the majority of large-scale energy efficiency programs are funded by utility ratepayers, program administration may be by the utility, the state, an independently awarded program administrator or a combination of entities. Below are available links related to ratepayer-funded energy efficiency programs offered in the state<sup>8</sup>:

- *Program Administrator:* Northwestern Energy: <http://www.northwesternenergy.com/save-energy-money/residential-services/efficiency-plus-rebates-and-programs/south-dakota>  
Most recent program filing: <https://puc.sd.gov/commission/dockets/gaselectric/2012/ge12-001/updated042314.pdf>  
ENERGY STAR Partner since 2002
- *Program Administrator:* Montana Dakota Utilities <http://www.montana-dakota.com/conservation/savings-for-your-home> and <http://www.montana-dakota.com/conservation/savings-for-your-business>  
Most recent program filing: N/A  
ENERGY STAR Partner since 2006
- *Program Administrator:* Otter Tail Power Company: <https://www.otpc.com/save-energy-save-money/>  
Most recent program filing: <http://puc.sd.gov/commission/dockets/electric/2013/EL13-015/2016plan.pdf>

<sup>7</sup> Ibid.

<sup>8</sup> For other energy efficiency program offerings in the state, visit: <http://programs.dsireusa.org/system/program?state=SD>

- *Program Administrator:* Black Hills Power: <https://www.blackhillspower.com/save-money-energy>  
Most recent program filing: <https://puc.sd.gov/commission/dockets/electric/2015/el15-044/attachment3.pdf>  
ENERGY STAR Partner since: 2006
- *Program Administrator:* Xcel Energy: [http://www.xcelenergy.com/Energy\\_Solutions/Residential\\_Solutions](http://www.xcelenergy.com/Energy_Solutions/Residential_Solutions) and [http://www.xcelenergy.com/Energy\\_Solutions/Business\\_Solutions](http://www.xcelenergy.com/Energy_Solutions/Business_Solutions)  
Most recent program filing: <https://puc.sd.gov/commission/dockets/electric/2015/EL15-015/petition.pdf>  
ENERGY STAR Partner since: 2001
- *Program Administrator:* MidAmerican Energy: [http://www.midamericanenergy.com/ee/sd\\_res\\_advantage.aspx](http://www.midamericanenergy.com/ee/sd_res_advantage.aspx)  
Most recent program filing  
Part 1: <https://puc.sd.gov/commission/dockets/gas&electric/2012/GE12-005/exhibit1.pdf>  
Part 2: <https://puc.sd.gov/commission/dockets/gas&electric/2012/GE12-005/exhibit2.pdf>  
Part 3: <https://puc.sd.gov/commission/dockets/gas&electric/2012/GE12-005/exhibit3.pdf>  
Part 4: <https://puc.sd.gov/commission/dockets/gas&electric/2012/GE12-005/exhibit4.pdf>  
ENERGY STAR partner since: 1997

## Other Key Stakeholders

### State Air Office:

- South Dakota Department of Environment & Natural Resources, Air Quality: <http://denr.sd.gov/des/aq/monitoring/state-mo.aspx>

### State Energy Office

- South Dakota Department of Environment & Natural Resources: <http://denr.sd.gov/>

### Consumer Advocate(s)

Most states also have one or more consumer advocacy organizations. Consumer Advocates are often concerned with maintaining low rates and ensuring equitable treatment of all customer classes.<sup>9</sup>

- South Dakota Protection Office of the Attorney General: <http://consumer.sd.gov/consumeralerts/IRSphonescam.aspx>

### Others Public Interest Groups

Groups representing environmental and other public interests are often involved in providing public input or technical expertise during regulatory proceedings or stakeholder processes. The following energy efficiency organizations/nonprofits are active in the state or region:

- Midwest Energy Efficiency Alliance (MEEA): <http://www.mwalliance.org>
- Environmental Law & Policy Center: <http://elpc.org/>
- Sierra Club South Dakota: <http://www.sierraclub.org/south-dakota>

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\* Revised December 21, 2015. To alert the U.S. EPA of substantial policy changes or program updates, please contact [eeaccountmanager@icfi.com](mailto:eeaccountmanager@icfi.com)

<sup>9</sup> Source: [EPA Energy and Environment Guide to Action](#)